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STATE OF MICHIGAN



JOHN ENGLER, GOVERNOR

DEPARTMENT OF TRANSPORTATION

TRANSPORTATION BUILDING, 425 WEST OTTAWA POST OFFICE BOX 30050, LANSING, MICHIGAN 48909

PHONE: 517-373-2090 FAX: 517-373-0167 WEB SITE: <http://www.mdot.state.mi.us>

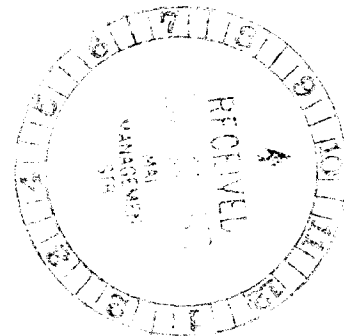
JAMES R. DeSANA, DIRECTOR

ENTERED
Office of the Secretary

NOV 17 2000

Part of
Public Record

November 16, 2000



Office of the Secretary
Surface Transportation Board
Case Control Unit
Attn: STB Ex Parte No. 582 (Sub-No. 1)
1925 K Street N. W.
Washington, D.C. 20423-0001

Dear Mr. Secretary:

We have reviewed the Major Rail Consolidation Procedures issued by the Surface Transportation Board on October 3, 2000. These proposed rules would increase the burden on railroads seeking to merge, or otherwise combine, and would require them to demonstrate that their action would be in the public interest and would enhance competition.

In a major departure from the existing rules governing railroad mergers, the proposed rules would require that applicants address the "downstream" impacts of their actions. While it is certainly appropriate to identify changes in service provided to shippers by the combining carriers, we are concerned with any requirement that an applicant would need to identify how other carriers would subsequently react. To expect applicants to speculate on the future reactions by other carriers is unreasonable and inappropriate.

In a letter submitted to the STB on February 29, 2000, I stated Michigan's position regarding proposed railroad combinations. To reiterate, we believe it is important to review each proposed transaction on its own merits, including the resulting service to be offered to shippers, its effects on competition, and the impact to the environment. The State of Michigan will review and analyze the facts of each future proposed transaction and offer support or opposition based upon the impact to the transportation system and the overall environment. We continue to urge the Surface Transportation Board to do likewise.

Sincerely,

James R. DeSana
Director



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Dear Mr. Secretary:

This letter is to certify that we have severed all parties with a copy of my letter dated November 16, 2000 concerning Surface Transportation Board, STB Ex Parte No. 582 (Sub-No. 1).

Sincerely,

A handwritten signature in cursive script that reads "James R. DeSana".

James R. DeSana
Director

